S. HRG. 99-319

CLIFFORD M. NAEVE NOMINATION

HEARING

BEFORE THE

COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE

NINETY-NINTH CONGRESS

FIRST SESSION

ON THE

NOMINATION OF CLIFFORD M. NAEVE TO BE A MEMBER OF THE FEDERAL ENERGY REGULATORY COMMISSION

OCTOBER 24, 1985

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Committee on Energy and Natural Resources

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CLIFFORD M. NAEVE NOMINATION

THURSDAY, OCTOBER 24, 1985

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 9:32 a.m., in room SD-366, Dirksen Senate Office Building, Hon. James A. McClure, chairman, presiding.

Present: Senators McClure, Hecht, and Johnston.

Also present: E. David Doane, senior counsel; and D. Michael Harvey, chief counsel for the minority.

OPENING STATEMENT OF HON. JAMES A. McCLURE, A U.S. SENATOR FROM THE STATE OF IDAHO

The CHAIRMAN. The committee will come to order. Good morning.

The purpose of today's hearing is to consider the Presidential nomination of Clifford M. Naeve to be a member of the Federal Energy Regulatory Commission. Mr. Naeve is a practicing attorney with the firm of Skadden, Arps in Washington, DC.

He holds a bachelor of science degree in mechanical engineering from the University of Texas, a master's degree in public affairs from the LBJ School of Public Affairs at the University of Texas, and a J.D. degree from George Washington University.

From 1982 to 1984, Mr. Naeve was vice president of Mid-Continent Oil & Gas Association, and from 1980 to 1982 he was the Washington representative for Aminoil, USA.

Mr. Naeve was employed on the Senate staff for 3 years, first as a professional staff member on the Committee on Environment and Public Works from 1977 to 1978, and then as legislative director for Senator Lloyd Bentsen from 1978 to 1980.

It's a pleasure, of course, to welcome Mr. Naeve back to the Senate, albeit in a somewhat different capacity. Mr Naeve's nomination comes at a time of major change in natural gas regulation. The entire natural gas industry is facing the effects of increased competition in the marketplace, and the Commission is now in the process of deciding how its regulatory policy should be changed to accommodate and take advantage of that competition.

Important decisions are being made by the Commission at a fast moving pace. Mr. Naeve's background and experience in the natural gas industry will enable him to begin contributing to the Commission's work immediately upon his confirmation.

I might just note for the record at this time that some people have been concerned about comments that I made on the floor

during the discussion of Mr. Sousa's confirmation with respect to the capacity of new members of the Commission to participate in activities of the Commission, activities which are the result of hearings held in the past.

To the extent that those comments caused any concern about my opinion or what the law is in that regard, I want to clarify the record. I did not intend to suggest, as a fact, that either Mr. Naeve or Mr. Trabandt, when and if confirmed, would be unable to act. But there is a period of time for them to have to familiarize themselves with the record before the Commission.

There have been people in the past who have urged, unsuccessfully but nevertheless have urged, that they not participate, new Commission members should not participate if they indeed had not sat during the hearings. That is not the requirement of the law. My intention was to raise the issue that indeed there are those people who might well raise that question and attempt to bar their participation based on that lack of participation in the hearing process at an earlier date.

Again, that's not a requirement of the law. I did not intend to indicate that it was, although there are people who have raised that issue in the past and perhaps might again, and I make that comment and made it then simply because of the sweeping nature of the matters now before the Commission and the very great concern that all elements of the public have with respect to the impact of those issues.

When they are as important and as sweeping as the issues before the Commission now are, you can almost be certain that if there is any opportunity for people to try to bar the participation of people who they are afraid might take actions, who would be adverse to their interest, they are going to take advantage of whatever opportunity there is.

I think it is important for us to note that these matters are before the Commission. There, hopefully in short order, will be two new Commission members. Those new Commission members will be asked to deal with matters that have been before the Commission, complex, difficult, ofttimes contentious matters that have been before the Commission for a long while and on which there is an extensive hearing record and background information and solicitation of information.

I take this time this morning, at least the opening, to try to clarify what it was that I meant and what I expect with respect to the participation of new members on those matters which have been pending before the Commission and upon which there is an extensive record.

We have with us this morning to introduce the candidate to this committee, our colleague from Texas, the man for whom Mr. Naeve at one time worked, Senator Bentsen. You are very welcome here this morning.

STATEMENT OF HON. LLOYD BENTSEN, A U.S. SENATOR FROM THE STATE OF TEXAS

Senator BENTSEN. Thank you very much, Mr. Chairman.

I am very pleased and delighted to have a chance to be here with Mike Naeve and to recommend him for the position that the President has recommended him for, as a commissioner on the Federal Energy Regulatory Commission.

I have had the pleasure of knowing Mike I'm sure better than any other Member of the Senate because he was a member of my staff for a long period of time. He met the very highest standards which I would have expected of someone in that position. He has a keen intellect and vast experience in the energy area, and I think it will put him in a position to serve his country very well.

More than anything else, I found Mike to be objective and fair-minded. The interesting thing about Mike, he has an excellent education. He has a master's in public affairs from the LBJ School of Public Affairs, a B.S. in mechanical engineering from the University of Texas, and then he turned around and decided he wanted to be a lawyer.

The CHAIRMAN. You're not holding that against him?

Senator BENTSEN. Well, I think he'll outgrow it. [Laughter.]

But even with that, what he did, he took a fulltime job and went to night school, went to George Washington University Law School, and with a fulltime job in the daytime ended up No. 1 in his class at night, and then if you spilled over and took at look at what the day classes did, he was No. 1 in both. So I think he is eminently qualified for the job.

I think this is the kind of public servant we are seeking and I think the country and that particular Commission will be better off for having him serve in that capacity. So it's without any reservation whatsoever I highly recommend my friend, Mike Naeve, for this position. Frankly, I'm surprised he would take it.

[The prepared statement of Senator Bentsen follows:]

Statement for Hearing on Mike Naeve
Before Senate Energy & Natural Resources Committee
October 24, 1985
by Senator Lloyd Bentsen

Thank you Mr. Chairman. Mr. Chairman and members of the Committee, it gives me great pleasure today to introduce and recommend for your consideration a very fine, capable and highly principled man whom the President has nominated to be a Commissioner on the Federal Energy Regulatory Commission, Clifford Milo (Mike) Naeve. I have had the pleasure of knowing Mike like no other member of the Senate. He served as a staff member of mine from May of 1977 until June of 1980.

During his tenure within my office, Mike performed to the highest standards to which I expected. He is a man of keen intellect and vast experience in the energy area, which will enable him to serve our country well. More than anything, I found Mike to be fair minded, willing to look at all sides of an issue, and an individual of high integrity. Those characteristics will enable him to perform well in this position.

Mike's educational and professional background also suit him well to serve on the Commission. He graduated number one in his class at George Washington University Law School, which he attended while working full time. He also has a Master of Public Affairs from the L.B.J. School of Public Affairs, and a B.S. in Mechanical Engineering from the University of Texas. Mike is currently an attorney with the Washington office of Skadden, Arps, Slate, Meagher & Flom. He also has served as the Vice President of Mid-Continent Oil and Gas Association.

Mr. Chairman, I can think of no one who is better qualified, more highly motivated and thoroughly familiar with the task before him than Mike Naeve. It is my distinct pleasure to endorse his nomination and recommend him to you as a Commissioner of the Federal Energy Regulatory Commission.

The CHAIRMAN. Thank you very much. I know Mr. Naeve appreciates those comments, and we certainly do. It is instructive to us to have the opinion of someone who knows the candidate as well as you do and has had the opportunity to observe the manner in which he conducts the work and did conduct the work in your office as well as on the Environment and Public Works Committee. So your opinion is extraordinarily valuable to us on Mr. Naeve.

Senator BENTSEN. Thank you.

The CHAIRMAN. Thank you very much, Senator.

[COMMITTEE NOTE: Senator Wallop submitted the following prepared statement for inclusion in the record:]

STATEMENT OF SENATOR MALCOLM WALLOP

COMMITTEE ON ENERGY AND NATURAL RESOURCES

HEARING ON THE NOMINATION OF C.M. NAEVE

AS A MEMBER OF THE FEDERAL ENERGY REGULATORY COMMISSION

THURSDAY, OCTOBER 24, 1985

Mr. Chairman, this morning I would like to offer my continued and wholehearted support for Mike Naeve's nomination and swift confirmation as a member of the Federal Energy Regulatory Commission.

Having known Mike for several years now, and having both the opportunity and the pleasure to work with him when this Committee debated the Natural Gas Policy Act Amendments, it is very easy for me praise his knowledge of energy-related issues, his fine sense of judgment and his ability to make politically sensitive decisions. During this period, I was most impressed with Mike's sense of humor and willingness to listen and consider view points other than his own -- qualities which will, no doubt, provide a fine source of strength for a future FERC Commissioner.

I believe Mike will be a tremendous asset to the Commission, and will work with the Chairman to insure a timely consideration of this nomination before the Committee and on the Senate floor.

The CHAIRMAN. Mr. Naeve, the rules that apply to all nominees require that they be sworn for their testimony.

[Whereupon Clifford M. Naeve was duly sworn by the chairman.]

The CHAIRMAN. Before you start your statement, there are four questions which we address to all witnesses before this committee who are nominated for positions that require confirmation. I would like to ask these questions of you.

Will you be available to appear before this committee and other congressional committees to represent Commission positions and respond to issues of concern to the Congress?

Mr. NAEVE. Yes; I will.

The CHAIRMAN. Your informational statement has been submitted to the committee. However, it is required that this statement should be made public unless the committee decides that special circumstances justify an exception. Do you have any objection to publication of your informational statement?

Mr. NAEVE. I have no objection, Senator.

The CHAIRMAN. Are you aware of any personal holdings, investments, or interests that could constitute a conflict of interest or create the appearance of such a conflict should you be confirmed and assume the office to which you have been nominated by the President?

Mr. NAEVE. No, sir, I am aware of no such investments.

The CHAIRMAN. Are you involved in or do you have any assets held in blind trusts?

Mr. NAEVE. No, sir.

The CHAIRMAN. Mr. Naeve, your full statement will be made a part of the record, but you are invited to proceed in any manner you desire at this point.

STATEMENT OF CLIFFORD M. NAEVE, NOMINEE TO BE A MEMBER OF THE FEDERAL ENERGY REGULATORY COMMISSION

Mr. NAEVE. Thank you, Mr. Chairman. At the outset, I would like to thank you and the committee for the many courtesies which have been extended to me this week and for the remarkable speed with which my nomination has been processed. As a former Senate employee, I also want to recognize the diligent efforts of your staff, who have been of great assistance to me.

In addition, I want to express my deep appreciation to Senator Bentsen, not only for the kind things he said about me but also for the many kindnesses he has shown me over the years. It has been my good fortune to have worked for him and to have learned from his example. I am certain that I will be a better public servant because of my prior association with him.

I am honored today to be considered for a seat on the Federal Energy Regulatory Commission. My qualifications for this position can be traced back to my employment with Senator Bentsen. While on his staff, I worked on a variety of important energy statutes, including the Natural Gas Policy Act and the Crude Oil Windfall Profits Tax. Following that, I represented Aminoil, USA and then Mid-Continent Oil & Gas Association on numerous legislative and regulatory matters affecting the energy industry. Since entering

the private practice of law, I have represented energy concerns at the Federal and State level.

Although my representation of energy companies has made me familiar with their problems and concerns, it has not made me callous to the needs of consumers or the problems of the less fortunate. As an FERC Commissioner, I will always be mindful of my responsibility to energy consumers.

I will also be sensitive to the important environmental issues which arise in connection with energy development projects. As a former staff assistant to the Senate Environment and Public Works Committee, I have a broad understanding of the major Federal statutes in this area. I intend to ensure that the Commission complies with both the letter and the spirit of these statutes.

I will also encourage closer cooperation with State and regional governmental agencies. As a former assistant to two Texas governors, I am sensitive to the need for early and frequent consultation between Federal and State decisionmakers. A failure to communicate can result in bad regulatory decisions which adversely affect the rights of innocent private parties.

Finally, I believe that regulatory process should not only be fair, but it should also be prompt. Frequently parties before an agency would prefer a prompt negative decision to no decision at all. I believe Chairman O'Connor has done a commendable job in streamlining the regulatory process at the Commission. I hope to assist him in future efforts to further improve the Agency's efficiency.

In summary, Mr. Chairman, I promise to be sensitive to the needs of all parties affected by the Commission's activities and to work for a fair and prompt regulatory process. I would be pleased to respond to any questions which the committee might have.

The CHAIRMAN. Thank you very much, Mr. Naeve. I think it's obvious from your statement that there will be some interest expressed with respect to your former clients and the participation and interest which they have in issues which will come before the Federal Energy Regulatory Commission, and I note in particular those that are in the energy industry today. I suspect you are aware and have given some thought to the question of your participation in matters before the Commission that may involve former clients.

What will be your policy with respect to recusal of interests?

Mr. NAEVE. Senator, I will recuse myself for a period of one year from participating in any particular matter for which I have had direct responsibility or in which I have participated substantially and personally within the previous five years.

The CHAIRMAN. Now, there will be clients of the law firm, with which you have been associated, that are involved in energy matters that come before the Commission; is that not correct?

Mr. NAEVE. That's correct.

The CHAIRMAN. And how will you resolve the issues with respect to the matters which are before the Commission that involve those clients, even though you were not involved in those issues?

Mr. NAEVE. With respect to clients of the firm on matters in which I have not participated personally, I do not propose to recuse myself.

The CHAIRMAN. Even though you may have represented that client on other issues or your law firm may have represented and may be representing those clients before the Commission?

Mr. NAEVE. That is correct. I certainly intend to fully comply with the requirements of the DOE Organization Act and other applicable Federal ethics standards, and if a question arises I'll consult with the appropriate ethics officer at the Commission.

The CHAIRMAN. I was going to mention the ethics compliance procedures within FERC. They have an ethics officer?

Mr. NAEVE. Yes, sir.

The CHAIRMAN. In case of any doubt or question you will consult with him and comply with the opinions which he may render; is that correct?

Mr. NAEVE. That is correct.

The CHAIRMAN. Senator Hecht, do you have any statement or questions?

Senator HECHT. Thank you, Mr. Chairman. No questions. I am very impressed with what he has written here and his background. Thank you very much.

The CHAIRMAN. Senator Johnston.

STATEMENT OF HON. J. BENNETT JOHNSTON, A U.S. SENATOR FROM THE STATE OF LOUISIANA

Senator JOHNSTON. Thank you, Mr. Chairman.

Let me say I'm delighted to endorse the candidacy of Mike Naeve for the FERC. I think he's one of the best qualified members we've ever had before this committee for that post. I think his academic record, his record in the private sector, his record on the Hill—he's been with Senator Bentsen, but in spite of that he is still doing well. [Laughter.]

Really, he's been with the Public Works Committee. He's been with Texas Governors, and I think just really made an outstanding record. He has not only the depth of knowledge but the subtlety of mind and the intellectual capacity to understand all those arcane rules that they have over there at FERC, of necessity, in this very complicated field of law. So I am very, very pleased to endorse his application.

Now I have, I think, a question or two here.

Are you familiar with the ongoing controversy about the municipal preference?

Mr. NAEVE. Yes, sir, I am.

Senator JOHNSTON. On hydroelectric relicensing. We just reported out a bill here which we thought was a good bill, and there was quite a little interest in it. Now that the court of appeals has reversed and said there is in fact a municipal preference, that bill has assumed a new immediacy. I am sure you are aware of that.

Among other things that the court of appeals decision dealt with was the fact that FERC had voted one way in 1980 and then reversed itself in 1983. In its decision, the Court said:

> We find disturbing, moreover, the Commission's suggestion that it is free to reinterpret statutes in any way it pleases without regard for precedent and equally disturbing that the Commission does not think itself in any way bound by the actions of prior Commissions, let alone court decisions affirming those decisions. Although

we traditionally give agencies considerable latitude, agencies must use their interpretive discretion with some degree of constancy and reason.

Before I ask you the question, I find it rather amusing that this circuit would say that. The Supreme Court could well say that about that circuit. But I don't want to comment on the merits of the case.

But I would like you to indicate your views about the way FERC or any other administrative agency should deal with that kind of situation.

Mr. NAEVE. Well, as a general rule an agency should give some deference to its prior decisions.

However, it's the responsibility of an agency to interpret the law as they see it and if they are convinced that prior interpretations are incorrect, then they are obligated to interpret the law as they presently understand it.

Senator JOHNSTON. Well, I like that answer. And another way to put it would be you disregard prior precedents only when it's absolutely necessary?

Mr. NAEVE. That is right. [Laughter.]

The CHAIRMAN. Or when they were wrong.

Mr. NAEVE. You disregard them when they're wrong.

Senator JOHNSTON. I don't have any other questions, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Johnston.

With regard to the comments that you made about the court decision, it needs to be carefully stated and analyzed. I think the court very correctly says that the Commission should be careful about overturning precedent, but I certainly don't disagree at all with the answer that you have given, Mr. Naeve, that you have a responsibility to look at whether those interpretations of the law were correct.

I know that stability is important and I know that continuity is important, but continuity in error is not necessarily a virtue.

Mr. NAEVE. That is correct.

The CHAIRMAN. And I appreciate your comments. I know from your background that you are well fitted and I think temperamentally well fitted to drawing that distinction and walking that very fine line. I don't particularly want to have a Commission that is free, in effect, to write new statutes, but I certainly do not wish either to see a Commission that is afraid to look at knotty and thorny issues and hides behind precedent as a convenient way to avoid hard decisions. I think we sometimes see the latter.

Members of the committee who find it impossible to be here this morning may have statements they desire to make for the record. We will receive those statements at any time before close of business today.

There may be members who wish to submit questions in writing for response for the record. I would advise all members to have those questions to us by close of business on today so that we may get responses in a timely fashion. We would then be in a position to act upon this nomination at our next business meeting, which is now scheduled for next Wednesday.

I know of no further business to come before the committee at this time. The committee will stand adjourned, and thank you very much, Mr. Naeve.

Mr. NAEVE. Thank you very much, Senator.

[Whereupon, at 9:54 a.m., the hearing was adjourned.]

APPENDIXES

APPENDIX I

Biographical and Informational Statements of Clifford M. Naeve

Biography

C.M. (Mike) Naeve

Mr. Naeve was born May 25, 1947 in Rapid City, South Dakota. He moved with his parents to Fort Worth, Texas, in 1951, where he attended public schools. He graduated from Halto, High School in Fort Worth in 1965.

Mr. Naeve studied mechanical engineering at the University of Texas at Arlington and U.T. Austin, and received a Baccalaureate degree from U.T. Austin in 1970. While at U.T. Austin, Mr. Naeve was a member of Tau Beta Pi and Pi Tau Sigma, national engineering scholastic honorary societies.

Upon receiving his Baccalaureate degree, Mr. Naeve enrolled in the first class of the LBJ School of Public Affairs at U.T. Austin. He received a Masters degree in Public Affairs in 1972.

Mr. Naeve studied law in the evening program at George Washington University, graduating Summa Cum Laude in January, 1984. He is a member of the Order of the Coif.

Since June, 1984, Mr. Naeve has practiced law with the firm Skadden, Arps, Slate, Meagher and Flom. From June, 1982 to June, 1984 he was Vice President of Mid-Continent Oil and Gas Association. From June, 1980 to June, 1982 he was Manager of Federal Public Affairs for Aminoil, U.S.A.

Mr. Naeve served as Legislative Director for U.S. Senator Lloyd Bentsen from July, 1978 to June, 1980. For the year prior to that, he was on the professional staff of the Senate Environment and Public Works Committee.

Before moving to Washington, Mr. Naeve was Associate Director of the LBJ Foundation in Austin, Texas. He also served on the staffs of two Texas governors, Preston Smith and Dolph Briscoe.

Mr. Naeve and his wife, Cheryl, presently reside in Alexandria, Virginia. They have a four-year old daughter, Danielle, and a two-year old son, Douglas.

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UNITED STATES SENATE
COMMITTEE ON ENERGY AND NATURAL RESOURCES

STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: NAEVE (LAST) CLIFFORD (FIRST) MILO (Mike) (OTHER)

Position to which nominated: Commissioner, Federal Energy Regulatory Commission

Date of nomination: October 10, 1985

Date of birth: May 25, 1947 (DAY) (MONTH) (YEAR)

Place of birth: Rapid City, South Dakota

Marital status: Married

Full name of spouse: Cheryl Mary Naeve

Name and ages of children: Marie Danielle, 4
Michael Douglas, 3

Education:

Institution	Dates attended	Degrees received	Dates of degrees
University of Texas at Arlington	1965-69		
University of Texas at Austin	1968-70	B.S.Mech.Eng.	1970
U.T. Austin; LBJ School of Public Affairs	1970-72	MPA	1972
George Washington Law School (Evening Program)	1980-84	J.D.	1984

Employment record: List below all positions held since college, including the title and description of job, name of employer, location, and dates.

6/84-Present; Skadden Arps et.al., Attorney, Washington, D.C.

6/82-6/84; Mid. Continent Oil & Gas Assn.; Vice President; Washington, D.C.

6/80-6/82;Aminoil, USA; Wash. Representative; Wash., D.C.

7/78-6/80; U.S. Sen. Lloyd Bentsen; Legislative Director, Washington, D.C.

5/77-7/78; Sen.Comm. on Env. & Public Works; Professional Staf Washington, D.C

3/74-5/77; LBJ Foundation; Assoc.Director; Austin, Texas

6/72-3/74; Texas Governor's Office, State Planning, Austin, Texas

Employment record—Continued

Military service: Describe any military service not listed above, including dates, rank, and type of discharge.

None

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

Order of the Coif - Legal Scholastic Honorary Society

P. Tau Sigina -Engineering Scholastic Honorary Society

Tau Beta Pi - Mechanical Engineering Scholastic Honorary Society

Texas State Fellowship - Graduate School Fellowship

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Dates	Office held (if any)
Friends of the LBJ Library	1977-Present	Member of Organizing Committee
District of Columbia Bar	1984-Present	
American Bar Association	1984-Present	

Published writings:

List the titles, publishers and dates of any books, articles, or reports you have written.

None

Future employment relationships:

1. Will you sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate?

Yes

2. Do you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization?

No

3. Has a commitment for employment after you leave government been made to you by anyone? Have you made any such commitment?

No

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

Yes

Future employment relationships—Continued

(b) If you have been appointed for an indefinite term, are there any known limitations on your willingness or ability to serve for the foreseeable future?

Financial statement

1. Attach a copy of your Executive Personnel Financial Disclosure Report (SF 278).

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF 278, Schedule A.

I am scheduled to receive a distribution ($5,000-$15,000) from my firm under its profit sharing plan.

3. Are you currently a party to any legal action? If so, describe its nature and status.

No

4. Have you ever declared bankruptcy? If so, describe the circumstances.

No

5. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain.

Yes

6. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

No

Potential conflicts of interest:

1. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None

2. Describe any business relationship, dealing or financial transaction (other than taxpaying) that you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, which might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

I have represented Mid-Continent Oil and Gas Association; Transco Exploration Partners, and Conoco before the Dept. of Interior on matters relating to federal OCS leases. Prior to mid-April, 1985, I advised the Natural Gas Supply Association with regard to FERC matters.

3. Describe any lobbying activity which you have performed during the past 10 years with respect to legislative or administrative actions at the Federal, State or local level.

I lobbied Congress on numerous issues, including natural gas issues, for Aminoil USA and Mid Continent Oil and Gas Association. At Skadden Arps, I have represented numerous clients on legislative matters including the following: Cities Service (Nat.Gas issues), Drexel Burnham Lambert (Banking and Securities issues), Air Products (Superfund), Transco (securities legislation), Ocean Thermal *(See Below)

4. Have you been informed of the conflict of interest laws and regulations applicable to the position to which you have been nominated?

Yes.

*Corporation (tax) and California Student Loan Finance Corporation (Tax).

Potential conflicts of interest—Continued

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to this form and the attachments thereto. Attach a statement of the appropriate agency ethics official explaining the applicable laws or regulations, any potential conflicts, and the action required to resolve such conflicts.

See Attachment

6. Explain how you will resolve any potential conflicts of interest that may arise in the future if you are confirmed for the position for which you have been nominated.

I will comply fully with all applicable conflict of interest laws and regulations and in this regard will seek the counsel of the FERC Ethics Officer.

Public disclosure: Do you have any objections to this form and the attachments thereto being made public?

No

AFFIDAVIT

I, Clifford M. Naeve (sic), being duly sworn, hereby state that I have read the foregoing Statement for Completion by Presidential Nominees, including all attachments thereto, and that the information provided therein is, to the best of my knowledge and belief, current, accurate, and complete.

Clifford M. Naeve
(Signature of Nominee)

Subscribed and sworn to before me this 21 day of October 1985

Susan E. Daley
Notary Public

My Commission Expires November 30, 1988

Distict of Columbia: ss

Form approved by the Committee February 5, 1985.

ATTACHMENT

5. To resolve any potential conflict of interest, I will recuse myself, for a period of one year, from participating in any particular matter for which I had direct responsibility, or in which I participated substantially and personally, within the previous five years.

Honorable James A. McClure
Chairman
Committee on Energy and
Natural Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Please be advised that pursuant to section 201(b) of the Ethics in Government Act of 1978, as amended, I have informed the appropriate ethics officials that the information required by section 202(a)(1)(A) with respect to income and honoraria is current as of October 22, 1985.

Sincerely yours,

Clifford M. Naeve

C. M. Naeve

District of Columbia ss

Subscribed and sworn to before me this 22ND day of October, 1985.

Susan E. Daley

Notary Public

cc: Honorable J. Bennett Johnston

United States of America
Office of Government Ethics

Office of Personnel Management
P.O. Box 14108
Washington, D.C. 20044

OCT 22 1985

Honorable James A. McClure
Chairman, Committee on Energy
and Natural Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Clifford M. Naeve, who has been nominated by President Reagan for the position of Commissioner, Federal Energy Regulatory Commission.

We have reviewed the report and have also obtained advice from the Federal Energy Regulatory Commission concerning any possible conflict in light of the Commission's functions and the nominee's proposed duties. Based thereon, we believe that Mr. Naeve is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

David H. Martin
Director

Enclosure

Financial Disclosure Report

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Page 1

Reporting Status (Check Appropriate Box)		Agency Use Only	OGE Use Only	Date of Appointment, Nomination, Election or Nomination (Mo., Day, Yr.)	Termination Date of Position (Month, Day, Year)
☐ Incumbent	☒ New Entrant, Nominee, or Candidate ☐ Termination Filer				

	Last Name	First Name and Initial (Middle)
Reporting Individual's Name	Naeve	Clifford M.
Position for Which Filing	Title of Position	Department or Agency (If Applicable)
	Commissioner	Federal Energy Regulatory Commission
Location of Present Office	Address (Number, Street, City, State and ZIP Code)	Telephone No. (Include Area Code)
	Skadden, Arps Slate, Meagher & Flom 919 18th Street, N.W. Washington, D.C. 20006	202/463-8700
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held	
	None	

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust?
	Sen. Energy & Natural Resource	☐ Yes ☒ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Clifford M. Naeve	8-26-85
Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest under applicable laws and regulations.	Michael Schoof	10/17/85
Office of Government Ethics Use Only	Signature	Date (Month, Day, Year)

Reporting Period

Incumbents: Complete Schedule A, B, C, and Part II of D. The reporting period is the preceding calendar year and the current calendar year up to the date of filing. You must include any position held or agreements or arrangements as of the date of filing. Part I of Schedule D requires reporting of positions held from the beginning of the filing year until the date filed for the two preceding calendar years.

Termination Filers: Complete Schedules A, B, C, and Part II of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A, C, and D. (Candidates do not file Part II of Schedule D.)

- Schedule A—The reporting period for Income (BLOCK C) and Transactions Test (BLOCK D) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- Schedule C, Part I (Liabilities)—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- Schedule C, Part II (Agreements and Arrangements)—Show any agreements or arrangements as of the date of filing.
- Schedule D—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Comments of Reviewing Official (If additional space is required, use the reverse side of this sheet)

The Drexel Burnham Lambert Mutual Fund listed in Schedule A has a widely diversified portfolio of securities including a small proportion of energy company bonds. Since Mr. Naeve has no role in the management of the fund or in the selection of its portforio of assets, his financial interest in the fund is not so significant as to affect the integrity of his Government services.

Mr. Naeve has agreed, upon confirmation by the Senate, to sever all ties with Skadden, Arps, Slate, Meagher & Flom.

(Check box if comments are continued on the reverse side) ☐

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Reporting Individual's Name: Clifford M. Hoeve

Assets and Income

Page Number: 2 of 5

Schedule A

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and exempt holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 or dividends received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

BLOCK A: Assets & Income Sources	BLOCK B: Valuation of Assets	BLOCK C: Income																								BLOCK D: Transactions Test	
Identity each asset and income source of yours, your spouse's(S) and your dependent child (DC). NONE ☐	Category of Value (X): None (or less than $1001); $1,001-$15,000; $15,001-$50,000; $50,001-$100,000; $100,001-$250,000; $250,001-$500,000; Over $500,000	Type of Income (X): Dividends; Rent; Interest; Capital Gains; Excepted Trust; Qualified Trust; Other (Identify Type)	Category of Amount of Income (X): None (or less than $201); $201-$1,000; $1,001-$2,500; $2,501-$5,000; $5,001-$15,000; $15,001-$50,000; $50,001-$100,000; $100,001-$1,000,000; Over $1,000,000	Actual Amount Only if "Over" Specified	Date (Mon., Day, Yr.) Only if Honoraria	Has, exceptable Block D Part I for these assets (only those sold for a loss) YES	NO
S DC — Spouse/DC: XYZ Common; Dow Jones & Smith, Hometown, USA	X	X																									
1 Sale of property held by Rio Grande Street Partnership/ 2 Austin, Texas			X						X										X								
3 IRA Mutual Fund - High Income Trust Securities - 4 Drexel Burnham Lambert	X								X						X												
5 Riggs National Bank - IRA - Certificates of Deposit	X								X						X												
6 National Savings and Trust Certificates of Deposit/ 7 Savings Account			X						X								X										
8 Skadden, Arps, Slate, Meagher & Flom, Wash. DC													6/'84-'85 Salary/Bonus										Approx: $192,486				
9 Mid Continent Oil & Gas Association													1/84-5/84 Salary										Approx: $47,500				
10																											

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SF 278 (Rev 1/88)
Part Chapter 73
U.S. Office of Personnel Management

Reporting Individual's Name: Clifford M. Naeve

Page Number: 3 of 5 | Schedule C

Part I
Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependent child. Check the highest amount owed during the reporting period. Exclude a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances, and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE [X]

		Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (X) $10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
S or DC	Example:	First District Bank, Washington, DC	Mortgage on rental property, Rehoboth Beach, Delaware	1981	13%	20 yrs.			X		
		John Jones, 123 J St., Washington, DC	Promissory note	1979	10%	on demand	X				
1											
2											
3											
4											
5											
6											

Part II
Agreements Or Arrangements

All Filers: Report your agreements or arrangements for future employment, leaves of absence, continuation of payment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE [X]

	Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.)
Example:	Pursuant to partnership agreement, will receive capital account & partnership share calculated on service performed through 11/83	Doe Jones & Smith, Home town, USA	7/79 partnership agmnt.

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SF 278

Reporting Individual's Name

Clifford M. Naeve

Page Number 4 of 5 Schedule D

Part I
Positions Held Outside U.S. Government

All Filers: Report any positions held during the applicable reporting period. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Excludes positions with the U.S. Government, political entities or those solely of an honorary nature.

NONE ☐

Organization (Name and Address)	Type of Organization	Position Held	From (Mo/Yr)	To (Mo/Yr)
Example: Nat'l Assn. of Rock Collectors, NY, NY	Non-profit education	President	6/60	1/76
Example: Doe Jones & Smith, Hometown, USA	Law Firm	Partner	1/76	11/88
Skadden, Arps, Slate, Meagher & Flom, Washington, D.C.	Law Firm	Associate	6/84	Present
Friends of the L.B.J. Library	Non-profit education	Member of Organizing Committee	6/77	Present
Rio Grande Street Partnership, Austin, Texas	Partnership	Partner	1975	4/85
Mid-Continent Oil & Gas Association	Trade Association	Vice President	6/82	6/84

Part II
Compensation in Excess Of $5000 Paid by One Source

Nominees and New Entrants only: Report sources of such compensation received by you or your business affiliation for services directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

NONE ☐

Source (Name and Address)	Brief Description of Duties
Example: Doe Jones & Smith, Hometown, USA	Legal services
Example: Alamo University (client of Doe Jones & Smith) Hometown, USA	Legal services in connection with university construction
Skadden, Arps, Slate, Meagher & Flom, Washington, D.C.	Legal services
Air Products, Inc.	Legal services in connection with Super Fund legislation.
Conoco, Inc.	Legal services in connection with OCS Leasing.
Drexel Burnham Lambert INC	Legal services in connection with Federal Securities and Tax legislation, and as underwriters' counsel in connection with the issuance of subordinated debt securities by various corporations.
Natural Gas Supply Association	Legal advice in connection with certain FERC matters.

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(continued on Attached Page)

Clifford M. Naeve

PART II — continued.

SOURCE	BRIEF DESCRIPTION OF DUTIES
Transco	Legal services in connection with OCS royalty matters and in connection with legislation dealing with federal securities laws.
Cities Service	Legal services in connection with natural gas legislation.
Mid-Continent Oil and Gas Association	Representation of Association members on federal legislative and regulatory matters.

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

OCT 18 1985

Clifford M. Naeve, Esq.
Skadden, Arps, Slate, Meagher
and Flom
919 18th Street, N.W.
Washington, D.C. 20006

Dear Mr. Naeve:

This letter serves as the statement from the Designated Agency Ethics Counselor of this Commission required by question six (page five) of the Statement for Completion by Presidential Nominees that you are submitting to the United States Senate Committee on Energy and Natural Resources. I have reviewed your Standard Form 278 (Financial Disclosure Report), dated August 26, 1985, and have issued my opinion to David H. Martin, Director, Office of Government Ethics, that the Form discloses no conflicts of interest under the Department of Energy Organization Act (DOE Act), P. L. 95-91, the Commission's Standards of Conduct (18 C.F.R. §§ 3c.201-206) or the conflict of interest provisions generally applicable to Federal Government officials. My opinion was based on the understanding that you would, upon confirmation by the Senate, sever your association with the law firm of Skadden, Arps, Slate, Meagher and Flom, Washington, D.C.

Section 602(a) of the DOE Act prohibits supervisory employees from knowingly receiving compensation from, holding any official relation with, or having any pecuniary interest in any energy concern. The term "energy concern" is defined in Section 601(b) of the DOE Act to include any entity "significantly engaged in the business" of energy development, extraction, production, refining, transportation, distribution or sale, or significantly engaged in conducting research and development related to these activities, or in research, development or demonstration under a DOE-funded program. The term also includes any entity holding an interest in property from which coal, natural gas, crude oil, nuclear material or a renewable resource is commercially produced or obtained.

Further, Section 208, Title 18, United States Code, and applicable Commission regulations, 18 C.F.R. § 3c.204(b)(3), prohibit a government official from participating personally and substantially in any particular matter in which he, his spouse, minor child, partner, or organization in which he is serving as officer, director, trustee, partner, or employee, has a financial interest, or in which a prospective employer has a

financial interest. This provision has been interpreted to prohibit participation in any particular matter whose effect on the relevant financial interest would be direct and predictable.

If I may be of further assistance, please let me know.

Sincerely,

Michael Schopf
Associate General Counsel
Enforcement & General Law

Enclosure

cc: Senate Committee on
Energy and Natural Resources

APPENDIX II

Responses to Additional Committee Questions From Clifford M. Naeve

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October 28, 1985

Honorable James A. McClure
Chairman, Committee on Energy
and Natural Resources
United States Senate
Washington, D.C. 20510

Dear Chairman McClure:

Enclosed are my responses to the follow-up questions resulting from my confirmation hearing on October 24, 1985.

If I can be of further assistance in this matter, please do not hesitate to contact me.

Sincerely,

Mike Naeve

Mike Naeve

Enclosures

cc: Senator J. Bennett Johnston
Senator Dale Bumpers
Senator Howard Metzenbaum

SENATOR BUMPERS' QUESTIONS

Q1. (a) Would you agree that utility companies generally prefer FERC jurisdiction to state commission jurisdiction, that is, that they find FERC to be a more friendly forum?

A. While I have not yet developed a personal opinion on this point, I would assume that there is a wide variation among the various states in the regulatory policies that they pursue and as compared to the policies of the FERC. I would consider it difficult in the abstract to characterize the FERC as more or less "friendly" to utilities than any particular state agency, particularly given my assumption that one agency may take a more favorable position on some regulatory issues while another agency may be viewed as more favorable on other issues. I believe that some financial rating agencies attempt to place a measure or ranking of relative favorability on particular commissions. I also believe that the FERC tends to be ranked favorably in this regard. However, I am not sufficiently familiar with the regulatory policies of the various states to make an independent assessment of such rankings.

(b) Would you agree with Commissioner Sousa, who testified before this committee that utilities are attempting to structure their transactions in order to fall under federal jurisdiction?

A. I have heard generally of some efforts by utilities and non-utility groups to restructure existing generation and transmission systems in ways that would cause them to become subject to FERC jurisdiction. I also understand that some utilities have sold certain facilities and thereby have lost their FERC-jurisdictional status. However, I am not sufficiently familiar with the objectives sought to be accomplished by these transactions to venture an opinion on your question. In the absence of other information, however, I would speculate that a variety of potential objectives might be involved in structuring such transactions including, in some cases, the objective of falling under FERC jurisdiction.

SENATOR BUMPERS' QUESTIONS

Q2. (a) Do you believe that the Commission should strictly construe its authority, or broadly construe it?

A. I firmly believe that the Commission should not exceed the regulatory authority given to it by the Congress. Where it is necessary for the Commission to interpret the scope of its authority, it is my view that the Commission should carefully evaluate its enabling legislation and the associated legislative history in order to ascertain the intent and objectives of Congress. As a FERC Commissioner, I would oppose any ultra vires action by the Commission.

(b) Do you believe that FERC has from time to time overstepped its bounds?

A. Clearly, there have been instances in which the courts have determined that the Commission has taken action beyond its authority. Again, as a FERC Commissioner I would oppose any ultra vires action.

(c) Have you heard of the Bumpers Amendment regulatory reform proposal? It would take away the deference to agencies on questions of law. Do you think this is a good idea?

A. I have heard generally of the Bumpers Amendment regulatory reform proposal, although I have not had the opportunity to read it. As a result, I am not sufficiently familiar with it to render an informed opinion as to the specifics of the proposal.

My understanding is that under general administrative law principles, judicial deference is accorded to agency determinations of fact where the agency has special technical expertise in the area in question. However, with regard to legal questions, courts are not bound by agency determinations. An agency's interpretation of the statute under which it operates is generally afforded some deference, although the degree of deference is less than that which is accorded to factual determinations. To the extent that courts are not now bound to defer to agencies on legal questions, I am not certain that a change in the current standards for judicial deference is necessary through legislation.

SENATOR BUMPERS' QUESTIONS

Q2. (d) Do you think that the Commission is in a better position than the courts to interpret the scope of the authority delegated to it by Congress?

A. I believe that regulatory agencies are generally in a better position than the courts to make initial decisions as to the scope and meaning of their enabling statutes. Frequently the enabling statutes for such agencies (like the FERC, the SEC, and the ICC) contain broad grants of regulatory power. It is appropriate that the agency charged with implementing a statute be given the initial job of filling in the interstices in the legislative language. This job would be too burdensome for the courts.

Once an agency has made an initial determination as to the parameters of its authority, the courts will become involved if that determination is challenged. In such cases, as previously noted, courts give only slight deference to agency interpretations of their enabling legislation.

SENATOR BUMPERS' QUESTIONS

Q3. (a) What are your views on the question of prudence?

A. As a general rule, the traditional approach by ratemaking bodies is that regulated entities are entitled to recover their prudently incurred expenses through rates. I generally agree with this approach. Individual issues of prudence must be judged on a case-by-case basis in light of the particular facts involved.

(b) Who should bear the risk, the stockholders or the ratepayers or both, for utility errors and bad judgments?

A. To the extent that errors or bad judgment rise to the level of imprudence, the utility or its stockholders should bear the consequences of those decisions. However, as noted above, the facts and circumstances surrounding such issues must be carefully evaluated. The agency should determine both the question of prudence and the appropriate remedy on a case-by-case basis.

SENATOR BUMPERS' QUESTIONS

Q4. (a) What are your views on the authority of state commissions to pass through FERC approved rates?

(b) Do you think the Narragansett doctrine (which generally requires the pass through of FERC-approved rates) is a sound one?

A. As a general proposition, I believe that the FERC must concern itself with the wholesale rates subject to its jurisdiction, while recognizing that its decisions may have direct implications for purposes of retail rates. The Narragansett doctrine, which has been followed by a number of courts, goes to the ability of state regulatory agencies to disregard the established wholesale costs in their own retail ratemaking process.

I believe that there are limited situations in which there is a need for a federal role in resolving wholesale and interstate rate disputes and in which some measure of preemption is justified. In such instances, however, I believe as well that the federal agency should carefully consider the interests of customers in the states involved, and should provide the states with early and meaningful opportunities for input. I alsc believe that federal preemption should be limited so as not to disturb the preeminent role of states in establishing retail rates.

SENATOR BUMPERS' QUESTIONS

Q4. (c) Do you think the pendulum has swung too far in favor of federal regulation?

A. With respect to regulation in general, I would say yes.

SENATOR BUMPERS' QUESTIONS

Q5. (a) You would agree, would you not, that the Federal Power Act gives FERC no authority to order a utility to purchase power it had not agreed to purchase?

A. I am not aware of any language in the Federal Power Act which can be read as a direct grant of authority to compel power purchases. However, before I can give an informed opinion on this question, it would be necessary to study the legislative history of the Act and all relevant judicial decisions.

(b) Would you agree that FERC has no jurisdiction over generating facilities?

A. Yes. Under section 201(b) of the Federal Power Act, the Commission has no direct jurisdiction over generating facilities, as such, although it may have jurisdiction over sales for resale made from such facilities.

SENATOR BUMPERS' QUESTIONS

Q6. (a) What are your views on the repeal of the Public Utility Holding Company Act?

A. As a FERC Commissioner, I would not have direct authority to administer the provisions of the PUHCA inasmuch as that statute is subject to the jurisdiction of the SEC. I would note, however, that circumstances in the utility industry have changed since the 1930's, when Congress enacted the PUHCA. Many of the earlier abuses by utility holding companies would not be possible under the present securities and corporate laws of the federal government and the states. In addition, states have substantially strengthened their regulation of utilities and their control over transactions between utilities and related corporate entities. Notwithstanding these observations, however, I am not now prepared to say that some or all of the safeguards which Congress established through that Act are no longer necessary.

(b) Do you believe that holding companies should be allowed to diversify into businesses that could be risky?

A. Provided that adequate safeguards are available to ensure the financial and operating integrity of utilities within holding companies and that public utility customers are not adversely affected, I am not as a general principle opposed to the notion of diversification.

SENATOR BUMPERS' QUESTIONS

Q7. Are you familiar with my bill, S. 1149? In a nutshell, it says that whenever there is a wholesale sale of power from one subsidiary of a holding company to another in the same system, and the state commission with jurisdiction over the purchasing company had not approved the construction of the plant from which the power flows, then that commission can determine what portion of the FERC approved rate to include in the retail rate it sets. Do you have any thoughts on this approach?

A. While I certainly believe that the states should be involved and have significant input into issues affecting their local consumers, I have not yet had an opportunity to reflect on how S. 1149 would affect all such transactions. Thus, I cannot provide an informed opinion as to whether this is an appropriate approach to an obviously troubling situation.

SENATOR METZENBAUM'S QUESTION

QUESTION: In view of the fact that Congress in the past two sessions has refused to approve proposals to decontrol old gas, would you support administrative decontrol of old gas?

ANSWER: The Commission does not have the authority to administratively decontrol any categories of natural gas.

The Commission does have the authority to adjust the price ceilings of certain, but not all, categories of price-regulated gas.

Specifically, NGPA sections 104(b)(2), 106(c), and 109(b)(2) authorize the Commission to adjust the price ceilings covering sections 104, 106(a) and 109 natural gas, if a different price would be "just and reasonable within the meaning of the Natural Gas Act."

I would not support the exercise of this authority by the Commission unless a clear showing was made that a higher rate would be just and reasonable and in the public interest.

○